

with an FO loan, consideration will be given to a participation loan. FmHA or its successor agency under Public Law 103-354 employees may not guarantee, personally or for FmHA or its successor agency under Public Law 103-354, repayment of advances made from other credit sources. However, lenders may be assured that lien priorities will be recognized.

**§ 1943.28 FmHA or its successor agency under Public Law 103-354 loans simultaneous with other lenders.**

(a) FmHA Guide Letter 1943-A-1 (available in any FmHA or its successor agency under Public Law 103-354 office), will serve as a guide in executing MOUs with State Beginning Farmer programs by which FO loans will be made simultaneously with loans by any State Beginning Farmer program. Subpart R of part 2000 of this chapter, "Memorandum of Understanding FHA or its successor agency under Public Law 103-354-FCA," (available in any FmHA or its successor agency under Public Law 103-354 office) will serve as a guide in processing FO loans to be made simultaneously with loans by FLB to a common applicant. State Directors may work out agreements for simultaneous loans with long-term lenders other than FLBs for eligible loan purposes. Such an agreement should prohibit future advances by the first mortgage holder except for taxes, property insurance, reasonable maintenance expenditures, and reasonable foreclosure costs, but should not prohibit subsequent FmHA or its successor agency under Public Law 103-354 loans. It should also cover items such as appraisal methods, title clearances, loan closing, the disbursement of funds and, when appropriate, advance notice of foreclosure. It may also cover other items considered necessary or advisable for a sound FmHA or its successor agency under Public Law 103-354 junior lien loan.

(b) The County Supervisor and the other lender's representative should maintain a close working relationship in processing loans to a mutual applicant or borrower. When an FO loan is made at the same time as a loan from another lender, that lender's lien will have priority over the FmHA or its

successor agency under Public Law 103-354 lien unless otherwise agreed upon. The lender's lien priority can cover the following in addition to principal and interest: advances for payment of taxes, property insurance, reasonable maintenance to protect the security, and reasonable foreclosure costs including attorney's fees.

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**§ 1943.29 Relationship with other FmHA or its successor agency under Public Law 103-354 loans, direct and guaranteed.**

(a) Direct FO loans may be made simultaneously with other FmHA or its successor agency under Public Law 103-354 loans, and to borrowers presently indebted to FmHA or its successor agency under Public Law 103-354, when the loan limits will *not* be exceeded and all requirements of the loans involved will be met.

(b) A direct FO loan may be made to a borrower with an outstanding guaranteed FO, SW, or RL loan when:

(1) The total direct and guaranteed FO, SW and RL principal balance, including the new loan, owed by the loan applicant does not exceed \$300,000 at loan closing.

(2) The outstanding combined direct and guaranteed FO principal balance owed by the loan applicant, or owed by anyone who will sign the note as co-signer evidencing personal liability, will not exceed the authorized guaranteed FO loan limit providing the portion representing the direct FO indebtedness does not exceed the direct FO loan limit. The deciding factors are the type of entity and the personal liability of the entity members. Individuals, who are members or stockholders of a cooperative or corporation that is indebted for a \$200,000 direct and \$100,000 guaranteed FO loan, can each borrow a \$200,000 direct and \$100,000 guaranteed FO loan, or any combination of direct or guaranteed FO loan funds that does not cause them to exceed the individual direct or guaranteed FO loan limits, provided they conduct separate farming operations as individuals and they have not signed for personal liability for the entity FO debt. Likewise, such entities, whose members or